



Ontario Catholic School  
Trustees' Association

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**MEMORANDUM**

**TO:** Chairpersons and Directors of Education  
- All Catholic District School Boards

**FROM:** Stephen Andrews, Director of Legislative and Political Affairs

**SUBJECT: Federal Tax Treatment of Trustee Honoraria**

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This memorandum presents information on the Federal Tax treatment of Trustee Honoraria. It outlines the change in the *Income Tax Act (Canada)* which impacts the tax treatment of trustee honoraria.

Subsection 81(3) of the *Income Tax Act (Canada)* (“ITA”) currently exempts from tax certain amounts that are paid as allowances for expenses incident to the discharge of a school board member’s duties. Under subsection 81(3), the maximum exemption is equal to ½ of the amount paid as salary or other remuneration to that person in the year.

The 2017 federal budget eliminated this exemption and the Legislation (Bill C-44) received Royal Assent on June 22, 2017. This repealed subsection 81(3) of the ITA is **effective January 1, 2019**.

This means that all allowances for incidentals that are paid to board members will become fully taxable commencing in 2019. **In other words, the full honorarium paid to each trustee will become taxable as of January 1, 2019.** While taxable, to the extent that school board members are responsible for expenses incurred in connection with the performance of their duties, then certain deductions might be available (i.e., under paragraph 8(1)(h.1) or 8(1)(i) of the ITA) to help offset the additional tax that may be owing.

If you have any questions, please contact Steve Andrews at [sandrews@ocsta.on.ca](mailto:sandrews@ocsta.on.ca).